

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6630**  
**BILL NUMBER: HB 1711**

**NOTE PREPARED: Dec 22, 2008**  
**BILL AMENDED:**

**SUBJECT:** Income tax deduction for donations of food.

**FIRST AUTHOR:** Rep. Avery  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED: X GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides a deduction from Adjusted Gross Income for individuals or business entities that make donations of food to a charitable entity that distributes food at no cost to the charitable entity's clients.

**Effective Date:** January 1, 2010.

**Explanation of State Expenditures:** The Department of State Revenue will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new tax deduction. The Department's current level of resources should be sufficient to implement this change.

**Explanation of State Revenues:** *Summary* - The bill will provide a deduction from adjusted gross income (AGI) for individuals and corporations that make food or food ingredient donations to charitable entities beginning in tax year 2010. The state General Fund may experience a reduction in revenue because both individual and corporate income tax revenue are distributed to the state General Fund. The bill will result in a loss of revenue; however, the revenue loss is indeterminable because data is unavailable to predict the amount of deductible food donations that might be made by individual and corporate taxpayers annually. The bill's provisions would take effect in 2010, and any fiscal impact would not likely arise before FY 2011.

**Background Information** - According to the IRS, individuals filing Form 8283 itemized an average of \$541 in food donations for tax year 2005. Form 8283 is filed by individuals who exceed \$500 in deductions for all noncash gifts. Data was not available for individuals that do not file Form 8283 or for corporations that claim food donations. Since there is no limit on the deduction, the revenue loss could potentially be significant. The revenue loss for an individual claiming \$500 in food donations would be \$17, and for a

corporation it would be \$42.50.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Because the new deduction for food and food ingredient donations will serve to decrease taxable income, counties imposing local option income taxes could potentially experience an indeterminable decrease in revenue from these taxes.

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:** Counties with local option income taxes.

**Information Sources:** Internal Revenue Service; Individual Noncash Contributions, 2005.

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.